

Message Text

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ACTION EB-07

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CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

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TAGS: ETRD, NI

SUBJECT: HALF YEARLY TRADE FIGURES

1. ACCORDING TO PROVISIONAL TRADE FIGURES JUST RELEASED BY FEDERAL OFFICE OF STATISTICS (FOS) 35 PERCENT DECLINE IN EXPORT VALUE AND 115 PERCENT RISE IN VALUE OF IMPORTS COMBINED TO SLASH NIGERIA'S BALANCE OF TRADE FOR FIRST SIX MONTHS OF 1975 TO DOLS 789 MILLION, BARELY ONE-FIFTH THAT OF CORRESPONDING PERIOD 1974. EXPORTS FOR HALF YEAR FELL FROM DOLS 5025.4 MILLION IN 1974 TO DOLS 3348.9 MILLION THIS YEAR, WHILE IMPORTS BALLOONED FROM DOLS 1175.1 MILLION TO DOLS 2559.9 MILLION.

2. SIGNIFICANTLY LOWER EARNINGS FROM EXPORT OF CRUDE PETROLEUM WERE PRIMARILY RESPONSIBLE FOR THE DECLINE. VALUE OF OIL EXPORTS DROPPED FROM DOLS 4604.8 MILLION TO DOLS 3044.1 MILLION. FOS ATTRIBUTES DROP TO 34 PERCENT DECREASE IN VOLUME OF CRUDE OIL EXPORTS AND TO 4 PERCENT DOWNWARD RIVISION OF POSTED PRICE EFFECTIVE APRIL 1. OIL EARNINGS AS A PERCENTAGE OF TOTAL EXPORTS SLIPPED SLIGHTLY, FROM 91.9 PERCENT IN FIRST HALF 1974 TO 90.9 PERCENT IN FIRST HALF OF 1975. VALUE OF TRADITIONAL EXPORT ITEMS FELL 23 PERCENT TO DOLS 271.3 MILLION DUE TO DECLINES IN
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BOTH PRICE AND VOLUME EXPORTED.

3. MAJOR CAUSES OF MORE THAN DOUBLING OF IMPORT VALUE WERE GROWTH IN IMPORTS OF MACHINERY AND TRANSPORT EQUIPMENT (FROM DOLS 444.1 MILLION TO DOLS 1075.3 MILLION); BUILDING AND CONSTRUCTION MATERIALS, METAL PRODUCTS AND TECTILES (FROM DOLS 328 MILLION TO DOLS 730.1 MILLION); AND CHEMICALS (FROM DOLS 131.7 MILLION TO DOLS 234 MILLION). VALUE OF GOVERNMENT IMPORTS NEARLY DOUBLED, TO DOLS 107.4 MILLION.

4. COMMENT: WITH OIL PRODUCTION DOWN BY A THIRD FOR MOST OF THE FIRST SIX MONTHS OF THIS YEAR DECLINE IN OIL EARNINGS COMES AS NO SURPRISE. HOWEVER, IMPORT GROWTH IS CONSIDERABLY LARGER THAN HAD BEEN EXPECTED AND FACT THAT TRADE SURPLUS IS 80 PERCENT LOWER THAN LAST YEAR MUST HAVE SOBERING EFFECT ON FMG. CONTINUANCE OF PRESENT TRENDS WILL MEAN FAVORABLE BALANCE OF TRADE FOR YEAR OF ABOUT DOLS 1.6 BILLION, WHICH WILL ALMOST CERTAINLY BE LESS THAN DEFICIT ON SERVICES. UNLESS CAPITAL ACCOUNT SHOWS A HEALTHY SURPLUS, WHICH IS NOT LIKELY, NIGERIA'S BALANCE OF PAYMENTS FOR YEAR WILL BE IN DEFICIT. END COMMENT.
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